

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2014

Docket No. ACR2014

NOTICE OF THE UNITED STATES POSTAL SERVICE OF  
FILING OF REVISED ANNUAL COMPLIANCE REPORT PAGE -- ERRATA  
(January 23, 2015)

The Postal Service hereby gives notice of filing of a revised version of page 38 of the FY 2014 Annual Compliance Report. Question 18 of Chairman's Information Request No. 2 in this docket, filed on January 16, 2015, sought a version of the ACR which reflects the Commission's approved methodology for evaluation of the Discover NSA. The attached page responds to that request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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January 23, 2015

rebate revenue of \$15.8 million, and attributable costs of \$11.2 million, resulting in attributable cost coverage of 141 percent. The volume-based agreement earned a rebate of approximately \$175,000 during the July 2014 to September 2014 period. The Commission reviews NSAs from a contract year perspective, and it focuses on the net benefit of an NSA to the Postal Service. As shown in USPS-FY14-30, the net benefit of the Discover NSA estimated by the Postal Service for the contract year of April 2013 to March 2014 is between \$18.2 million and \$23.1 million.<sup>15a</sup> The corresponding net benefit of the Potpourri NSA cannot yet be evaluated on a contract-year basis, as the agreement has not been in effect for a full year.

It is clear, then, at least under the evaluation methodology relied upon by the Postal Service, that the Discover NSA improved the net financial position of the Postal Service, and it is hoped the Potpourri NSA will do likewise in the remaining quarters of the contract year. Furthermore, the Postal Service has no reason to believe that these NSAs caused unreasonable harm in the marketplace. The scale of the agreements were sufficiently small to make market effects unlikely, and similar functionally-equivalent NSAs could have been made available to similarly-situated mailers. Thus, based on the Postal Service's estimates, the Discover NSA and the Potpourri NSA satisfy section 3622(c)(10)(A) and the Commission's rules.

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<sup>15a</sup> As also shown in USPS-FY14-30, however, using the Commission's preferred methodology, the effect of the Discover NSA on the Postal Service's net financial position over that period is estimated to be negative \$14.2 million. Nevertheless, as explained previously, the Postal Service views its preferred net value estimation methodology as better suited than the Commission's for analysis of commercial corporate mailing activity. Please see the Postal Service Response to ChIR 1, Question 3.c, (Docket No. R2015-2, Nov. 13, 2014).